United Nations ST/IC/2000/96

Secretariat

21 December 2000

Information circular*

To: Members of the staff at Headquarters

From: The Controller

Subject: **United Nations group life insurance plan****

General

1. An administrative instruction (ST/AI/2000/18) has been issued governing the policies and procedures for the United Nations group life insurance plan made available to staff and former staff, with effect from 1 January 2001. The present circular should be read in conjunction with that administrative instruction.

2. As detailed in the paragraphs below, this circular announces two changes in the group life insurance programme, which will come into effect on 1 January 2001. The first relates to a required premium increase in the amount of 1 cent per $1,000 of coverage (see paras. 7 and 8 below). The new schedule of premiums is contained in annex II to the present circular. The second change in the plan is that, henceforth, the level of coverage and the corresponding premium will automatically be adjusted whenever an increase in pensionable remuneration warrants a higher level of life insurance. At the same time, and as previously announced in information circular ST/IC/1998/77/Add.1 of 29 December 1999, the option to waive automatic increases in life insurance coverage is eliminated, effective 1 January 2001 (see paras. 9 and 10 below). The present circular also includes a summary of benefits under the United Nations group life insurance plan (annex I), information about enrolment procedures and the after-service life insurance programme (annex III), and guidance regarding the steps for making a life insurance claim (annex IV).

Eligibility criteria

3. Participation in the plan is voluntary for all eligible staff. No subsidy is paid by the Organization.

4. The eligibility criteria and enrolment rules pertaining to the group life insurance are set out in section 2 of ST/AI/2000/18 and, for convenience, are summarized below. Coverage under the plan is available to all staff members who

* The present circular will be in effect until further notice.

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receive a letter of appointment of six months or more. Enrolment in the plan is automatic if such staff members apply for coverage within 60 days of signing the qualifying letter of appointment. Eligible staff members who apply for coverage after the 60-day opportunity must do so using a special "evidence of insurability" form. The insurance company (Aetna Life Insurance Company) reserves the right to reject any application by a staff member who applies after 60 days and may require the applicant to undergo a medical examination at the applicant's own expense. Such staff members, whose applications are accepted, will be covered from the date on which Aetna gives its written consent.

Coverage

5. Subject to the terms and conditions of the policy, the insurance coverage for eligible staff members consists of: (a) the amount of life insurance payable in the event of death from any cause at any time or place; and (b) an additional sum payable in the event of accidental death and dismemberment (see annex I). Coverage levels available under the group life insurance plan to staff members and after-service participants are as follows:

(a) The normal level of coverage for staff enrolling in the plan is based on two and a half times pensionable remuneration, subject to a maximum amount of $250,000;

(b) The coverage of staff members entering the plan at age 62 is limited to $14,000;

(c) The maximum coverage for all staff members still in service at age 62 is $125,000. If the staff member's coverage is higher than $125,000, it will automatically be reduced to that level with effect from the month following attainment of age 62;

(d) Staff members whose appointments are terminated for reasons of health in accordance with staff regulation 9.1 (a) are eligible to receive life insurance coverage equal to their coverage on the date of separation, without payment of further premiums, up to age 62. Upon attainment of age 62, the percentage factors set out in paragraph 6 below apply.

6. Staff members who upon separation from service are participants in the group life insurance plan and who have at least 10 years contributory participation upon leaving the employment of the Organization shall receive continuing coverage, without payment of premium, as follows:

(a) *Prior to the age of 55*

One year's coverage at the level in effect at the time of separation for each completed 10-year period of contributory participation;

(b) *From the age of 55*

(i) Between the ages of 55 and 64, coverage on separation from service is 50 per cent of the level of coverage in effect at the time of separation;

(ii) Between the ages of 65 and 69, coverage is 25 per cent of the level of coverage in effect at the time of separation;

(iii) From the age of 70, coverage is 10 per cent of the level of coverage in effect at the time of separation. The minimum benefit after age 70 is the lesser of $5,000 or the amount to which the after-service participant would be entitled before reaching age 70, and the maximum benefit after age 70 is $10,000;

(iv) The reduction to $125,000 at age 62, while still in service, will be ignored in these calculations.

Premium rate

7. Effective on 1 August 1995, the premium rate for the Aetna group life insurance plan was increased from $0.28 per $1,000 of coverage to $0.30 per $1,000 of coverage. On 1 August 1996, the premium rate was decreased by $0.01 to $0.29 per $1,000 of coverage. Owing to the negative claims experience incurred in the years 1999 and 2000, it is now necessary to increase the premium rate by $0.01 per $1,000 of coverage. Therefore, **with effect from 1 January 2001, the group life insurance premium rate will again be set at $0.30 per $1,000 of coverage**. A table setting out the amounts of insurance coverage for different levels of pensionable remuneration and the corresponding premiums which will come into effect on 1 January 2001 is contained in annex II to the present circular.

8. Staff members are reminded that life insurance premiums are payable at the beginning of each month, so that, for example, the premium for January 2001, when the new premium rate schedule comes into effect, would properly be implemented in the end-December 2000 payroll. It is, however, likely that the new premium schedule will be implemented with one or more months of retroactivity.

Adjustment of coverage level

9. **The level of coverage and the corresponding premium will automatically be adjusted whenever an increase in pensionable remuneration places the staff member at a higher life insurance level.** Heretofore, such adjustment in the level of life insurance was implemented on a fixed date each year and the staff member was given an opportunity to waive the increase, thereby freezing life insurance coverage at the prior level. **With effect from 1 January 2001, there is no longer an option to waive the coverage increase. A participant who does not wish to have the increased life insurance coverage afforded by the requisite increase in pensionable remuneration must cancel his or her coverage under the plan.** If, at a later date, the staff member wishes to reinstate life insurance participation at the level to which he or she would be entitled, a new application must be made through the "evidence of insurability" process.

10. Notwithstanding the elimination of the waiver option, the life insurance level of a staff member who, prior to 1 January 2001, executed a waiver of automatic increase, and thereby froze the coverage level, will be maintained at that level.

Conversion privilege

11. All staff members who are enrolled in the group life insurance plan at the time of their separation from the Organization may make arrangements through the Insurance, Claims and Compensation Section of the Office of Programme Planning, Budget and Accounts to convert to an individual policy with the insurer at a cost

determined by the insurer, without having to produce further evidence of insurability. The premium rate schedule pertaining to the conversion life insurance policy established by the insurer is age-based and bears no relationship to the premium structure of the United Nations group life insurance plan. The participant is then solely responsible for remitting the related payments directly to the insurance company.

12. The amount of life insurance which may be converted is based on the level of coverage at the time of separation:

(a) Staff members who are under the age of 55 or who have less than 10 years of contributory participation in the plan may convert up to the full amount of their life insurance at separation;

(b) Staff members who separate before age 55 and who qualify for a year of free coverage for each 10 years of contributory participation may convert up to that amount at the end of the period of free coverage;

(c) Staff members age 55 or older who qualify for after-service life insurance may convert the amount of the decrease in coverage at separation or, as after-service life insurance participants, at ages 65 and 70. For example, if a staff member has $100,000 of coverage at separation, the after-service benefit would be $50,000. In this case, the staff member may convert up to $50,000 of coverage. When the former staff member reaches age 65 and the after-service benefit drops to $25,000, he or she may convert the $25,000 difference between the new level and the prior $50,000 after-service life insurance level.

13. The conversion privilege must be exercised within 31 days following termination of coverage under the United Nations plan or within 31 days of the date on which the after-service life insurance coverage is decreased.

Designation of beneficiary or beneficiaries

14. Staff members are reminded to review their designation of beneficiaries in respect of their group life insurance coverage. Changes in the designation of beneficiaries may be made at any time and a properly executed designation of beneficiary form automatically nullifies any prior designation of beneficiary form. The beneficiary designation form must be forwarded to, and maintained at, the duty station where the staff member is payrolled.

United Nations Intranet

15. Information regarding the group life insurance programme may also be found on the web site of the Insurance, Claims and Compensation Section on the United Nations Intranet (click on "Insurance" on the quicklinks dropdown menu). Both the life insurance application form and designation of beneficiary form are available from that web site.

16. The present circular supersedes information circular ST/IC/1998/77, dated 12 November 1998, ST/IC/1998/77/Add.1, dated 29 December 1999, and all previously issued information circulars concerning the United Nations group life insurance plan.

Annex I

Summary of benefits under the United Nations group life insurance plan[a]

Life insurance benefits

1. The plan will pay a life insurance benefit in the amount for which the participant was insured at the time of death.

2. Subject to the terms and conditions of the Aetna Life Insurance Company policy, the benefit will be payable to the designated beneficiary or beneficiaries upon satisfactory proof of death from any cause, at any place and at any time while the participant was insured.

Accidental death and dismemberment benefits

3. The plan will pay the benefits determined from the table of benefits below for loss of life, loss of hand or foot (by severance through or above the wrist or ankle joint) or permanent and complete loss of sight of either eye.

4. Benefits are payable if the loss:

(a) Occurs within 90 days after an accident that causes an injury to the participant while insured; and

(b) Results directly and solely from an injury caused by the accident and not excluded in the limitations section below.

Table of benefits

5. The full amount for which the participant was insured will be paid for the accidental loss of:

(a) Life;

(b) Both hands;

(c) Both feet;

(d) One hand and one foot;

(e) One hand and the sight of one eye;

(f) One foot and the sight of one eye; or

(g) The sight of both eyes.

6. One half of the amount for which the participant was insured will be paid for the accidental loss of one hand, one foot or the sight of one eye.

Limitations

7. Accidental death and dismemberment coverage is only for losses due to accidents.

8. Benefits will be payable, however, for a loss which is:

[a] The full provisions of the plan are contained in the contract between the life insurance company and the United Nations.

(a) Caused by a pus-forming infection resulting directly and solely from an injury that is covered under the plan; or

(b) Caused by a surgical operation, which is:

(i) Needed solely because of an injury that is covered under the plan; and

(ii) Performed within 90 days after the injury occurs.

9. This plan does not provide a benefit for any loss, other than those mentioned in the preceding sentence, which in any way is caused by any of the following:

(a) Bodily or mental infirmity;

(b) Disease, ptomaine or bacterial infections, of any kind;

(c) Medical or surgical treatment;

(d) Suicide or attempted suicide (sane or insane);

(e) Intentionally self-inflicted injury; or

(f) War or any act of war (whether war is declared or not).

After-service benefit

10. The benefits for former staff members who die will be reduced, depending on the age of the participant at death, as follows:

(a) From the age of 55 through 64, 50 per cent of their coverage on the date of separation from service, unless it had already been reduced at age 62 while in service. This reduction will occur at age 62 for appointments terminated for reasons of health;

(b) From the age of 65 through 69, 25 per cent of their coverage on the date of separation from service;

(c) From the age of 70 onwards, 10 per cent of their coverage on the date of separation from service, subject to a maximum of $10,000 and a minimum of $5,000, or the amount to which the former staff member had been entitled before age 70, whichever is less.

Annex II

Group life insurance brackets

Annual pensionable remuneration	*Maximum life insurance*	*Maximum accidental death and dismemberment insurance*	*Monthly premium (effective 1 January 2001)*
$	$	$	$
Less than 2 000	5 000	5 000	1.50
2 001 to 4 000	10 000	10 000	3.00
4 001 to 6 000	15 000	15 000	4.50
6 001 to 8 000	20 000	20 000	6.00
8 001 to 10 000	25 000	25 000	7.50
10 001 to 12 000	30 000	30 000	9.00
12 001 to 14 000	35 000	35 000	10.50
14 001 to 16 000	40 000	40 000	12.00
16 001 to 18 000	45 000	45 000	13.50
18 001 to 20 000	50 000	50 000	15.00
20 001 to 22 500	56 250	56 250	16.88
22 501 to 25 000	62 500	62 500	18.75
25 001 to 27 500	68 750	68 750	20.63
27 501 to 30 000	75 000	75 000	22.50
30 001 to 32 500	81 250	81 250	24.38
32 501 to 35 000	87 500	87 500	26.25
35 001 to 37 500	93 750	93 750	28.13
37 501 to 40 000	100 000	100 000	30.00
40 001 to 42 500	106 250	106 250	31.88
42 501 to 45 000	112 500	112 500	33.75
45 001 to 47 500	118 750	118 750	35.63
47 501 to 50 000	125 000	125 000	37.50
50 001 to 52 500	131 250	131 250	39.38
52 501 to 55 000	137 500	137 500	41.25
55 001 to 57 500	143 750	143 750	43.13
57 501 to 60 000	150 000	150 000	45.00
60 001 to 62 500	156 250	156 250	46.88
62 501 to 65 000	162 500	162 500	48.75
65 001 to 70 000	175 000	175 000	52.50
70 001 to 75 000	187 500	187 500	56.25
75 001 to 80 000	200 000	200 000	60.00
80 001 to 85 000	212 500	212 500	63.75
85 001 to 90 000	225 000	225 000	67.50
90 001 to 95 000	237 500	237 500	71.25
Above 95 000	250 000	250 000	75.00

Note: Coverage for staff members entering the plan at age 62 or later will be restricted to $14,000 worth of life insurance coverage and the same amount of accidental death and dismemberment insurance coverage.

Coverage for staff members whose life insurance coverage exceeds $125,000 will be automatically reduced to that level and to the same amount of accidental death and dismemberment insurance on the first of the month following attainment of age 62.

Group life insurance premiums are always assessed on a full-month basis.

Annex III

Enrolment in the life insurance programme

1. Staff members should be aware that all group life insurance forms and records are to be maintained at the duty station where the staff member is payrolled. **Staff members away from Headquarters must submit their life insurance applications, together with proof of eligibility attesting to the type and duration of their appointment, to the relevant administrative office at their duty station.** The only exception pertains to the evidence of insurability form, which must be processed through the Insurance, Claims and Compensation Section at Headquarters. Only if a staff member is transferred to Headquarters, or upon the death of an insured staff member, should the life insurance file containing the originals of all related forms and premium payment records be transmitted to the Insurance, Claims and Compensation Section. Staff who move between duty stations should be sure that their life insurance records are transferred accordingly. Staff members whose career paths involve a high degree of mobility are advised to maintain a personal file with copies of the records of their participation in the group life insurance programme.

2. Participants in the group life insurance programme should be aware that the after-service health insurance programme and the after-service life insurance programme are quite separate and unrelated, with the single exception that in both cases the participant must have attained the age of 55 and be enrolled in the respective plan in order to be eligible for post-retirement benefits. A significant difference between the two programmes concerns the participant's status vis-à-vis the United Nations Joint Staff Pension Fund. Under the after-service health insurance programme, if, as a result of a new post-retirement appointment, a former staff member again becomes a participant in the pension fund, the monthly pension benefit is suspended and, for the duration of the suspension of pension benefits, eligibility for the after-service health insurance programme benefits is also suspended. In the case of the after-service life insurance programme, however, there is no link with pension fund status and, therefore, a post-retirement appointment with the United Nations of a duration for which the pension benefit is suspended does not lead to a suspension of benefits under the after-service life insurance programme. Therefore, a former staff member who is rehired by the Organization, if otherwise eligible, may wish to make an assessment as to whether it is more advantageous to re-enrol in the life insurance programme as a staff member for the duration of the appointment (paying the requisite premium) or simply maintain the level of benefits under the after-service life insurance programme to which he or she is entitled.

3. Administrative Officers at offices where the group life insurance programme is administered should be mindful that establishment of the entitlement to after-service life insurance benefits requires that the following records and certifications be furnished to the Insurance, Claims and Compensation Section whenever an insured staff member retires from service with the Organization:

(a) All group life insurance documents:

(i) Every application form (initial application, forms filed in connection with a change of duty station, and/or forms relating to re-enrolment following termination for any reason);

(ii) Evidence of insurability records;

(iii) Appropriate forms changing the beneficiary designation;

(iv) Termination of life insurance records, where applicable;

(v) Payroll records documenting the deduction of group life insurance premiums;

(b) Certification by the **final** administrative duty station of:

(i) Last date on which staff member reported for work;

(ii) Close of business separation date;

(iii) Date and United States dollar amount of final life insurance premium.

Annex IV

Making a life insurance claim

1. All life insurance claims must be processed through the Insurance, Claims and Compensation Section, located in room S-2765 of the Secretariat Building at Headquarters. Claims or notification of claims should not be transmitted to the Aetna Life Insurance Company directly.

2. The claim process is initiated when the Insurance, Claims and Compensation Section is informed about the death of a participant in the group life insurance programme. At this point the Section will provide clear instructions regarding the documents that must be completed and submitted in order to permit the insurer, Aetna, to pay the requisite benefits.

3. The claim package consists of:

(a) Records of life insurance participation. The relevant documents include: applications; evidence of insurability records, where applicable; and all designation of beneficiary forms. **These records are maintained by the Organization and are not the responsibility of the claimant to furnish;**

(b) The original or a legally certified copy of the insured's death certificate;

(c) Official medical certification as to the cause of death when not stated on the death certificate;

(d) Completed United Nations group life insurance programme beneficiary certification forms. As the Aetna group life insurance plan is a United States-based plan, subject to federal and New York state regulations, either form 1 or form 2, whichever is applicable, is to be completed by **each** beneficiary. These forms are reproduced in annex V to the present circular and may be photocopied for use in this regard;

(e) Additional documentation may be required in circumstances: (i) where beneficiaries are deceased or have not reached the age of majority; (ii) where death may be considered accidental; or (iii) where death occurs within two years of the date indicated on an evidence of insurability statement. Additionally, an English translation of documents may also be required.

4. Staff members should be aware that the life insurance principal (the full amount of coverage regardless of how it is distributed among beneficiaries) is exempt from all United States taxes. The tax exemption does not apply if life insurance proceeds are paid to an estate that is subject to United States taxes.

5. Life insurance benefits, upon the death of the insured, earn interest at a rate determined by Aetna until the date on which proceeds are paid to beneficiaries. Unlike the life insurance proceeds, interest earned may be subject to taxation.

6. Beneficiaries should be aware that since the United Nations group life insurance plan is a global plan, administered on a highly decentralized basis, gathering together all the documentation and records required to process a claim can take some time. Once the Insurance, Claims and Compensation Section receives all necessary documentation, properly executed, and submits the claim package to Aetna, it normally takes three to four weeks until the beneficiary is in receipt of the life insurance proceeds. Each beneficiary will receive an individual cheque

(principal amount plus interest earned) by a secure mode of delivery requiring a signature confirming receipt. Aetna benefit cheques have no expiry date.

7. Group life insurance participants may wish to note that there is no prescribed time frame for submitting claims.

Annex V

FORM 1

January 2001

To be completed by United Nations group life insurance beneficiaries who do not have a United States social security number and do not reside in the United States of America

UNITED NATIONS GROUP LIFE INSURANCE BENEFICIARY CERTIFICATION

Name: ***Date of birth:***

_____ _____

Address:

_____

_____

_____

I certify that I do not have a United States social security number and do not reside in the United States of America.

_____ _____

Signature of beneficiary Date

FORM 2

January 2001

To be completed by United Nations group life insurance beneficiaries with a United States social security number or beneficiaries without this number but who reside in the United States of America

UNITED NATIONS GROUP LIFE INSURANCE BENEFICIARY CERTIFICATION

***Name** (or where an estate is the beneficiary, its executor):* _____

Date of birth: _____

Address:

_____

_____

_____

Complete **only one** of the three selections below:

- My United States social security number is: _____
- The estate tax identification number is: _____
- My United States visa number is: _____

I certify that the information I have given above is true and correct.

_____ _____

Signature of beneficiary (or estate executor) Date